

**TOWN OF BROOKLINE, MASSACHUSETTS**

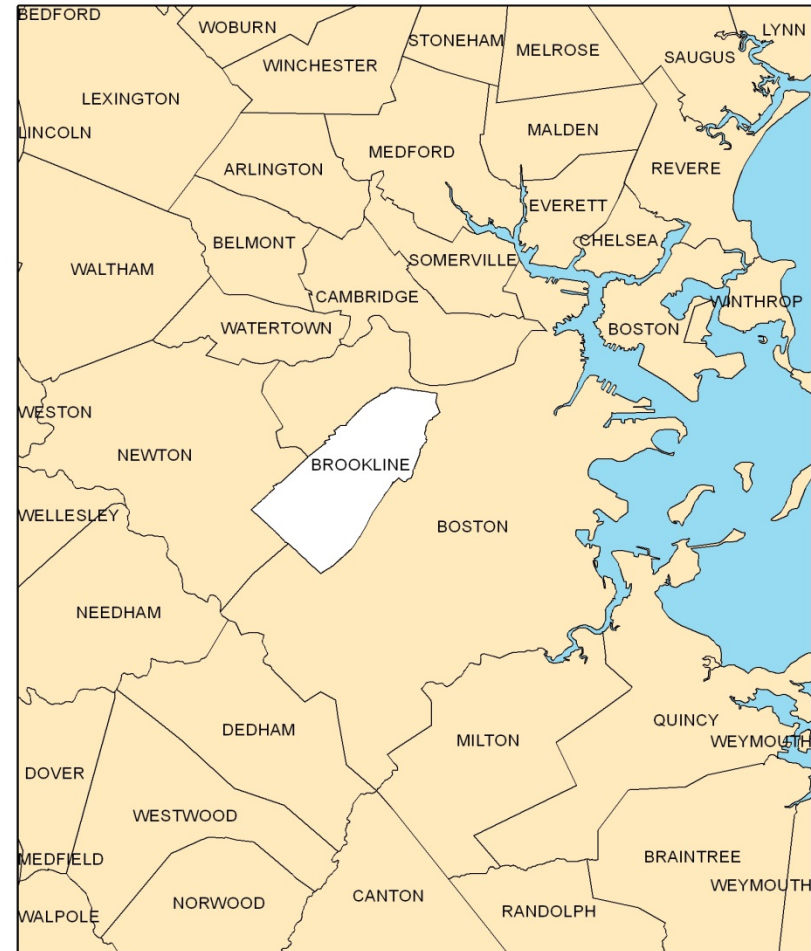
Located four miles from downtown Boston, in Norfolk County, Brookline is one of the largest towns in New England. It is primarily a mature suburban, residential community with urban characteristics. The primary occupations of Brookline residents are management and professional, heavily concentrated in the fields of medicine and education.

The Town of Brookline continues to be a safe and highly desirable place to live, due to its proximity to job opportunities, excellent public transportation and school systems, and livable neighborhoods that balance green space, historic preservation, and outstanding commercial services. Surrounded by the City of Boston on three sides, Brookline consists of roughly six square miles of land.

The Town, which began as an agricultural community in the 17th century, became a streetcar suburb of Boston during the mid-19th century. By 1900, most of the remaining farmland had been divided into residential developments that were supported by the existing mass transit linkages. Brookline’s transformation from farm to suburb meant that, unlike many other Massachusetts towns, it never had significant industrial areas. Currently less than 6% of Town land is zoned for commercial use.

Some important facts about Brookline include:

- Over the past several decades, Brookline’s population has remained fairly stable, fluctuating between 54,000 and 59,000 since 1950. The current population is approximately 59,000. (Source: 2011-2015 American Community Survey 5-year estimates)
- 25.8% of Brookline’s residents are foreign born. Currently, 82.5% of this population aged 5+ lived in a home where a language other than English was spoken and 32.1% stated that they speak English less than “very well”. (Source: American Community Survey (ACS) 2011-2015)
- Brookline has continued to become more racially diverse over the past several decades with approximately 24.5% of the Town’s population being minority or mixed-race. The fastest growing minority group is Asian, at nearly 17.5% of the population – a much higher percentage than Boston and many other surrounding communities. (Source: ACS 2011-2015)
- Brookline median housing prices are among the highest in Massachusetts with a current median assessed value of over \$1.5 million for a single family home and \$662,650 for a condominium. Nearly 49% of all renters and 29% of homeowners pay more than 30% of their incomes toward housing costs. (Source: Brookline Assessor’s Office, ACS 2011-2015)
- Form of Government: Representative Town Meeting (240 Elected Town Meeting Members and eight At-Large) with five-member Select Board who appoints a Town Administrator.



**BROOKLINE FACTS (Con't.)**

- Brookline tax bills, while significantly higher than the state median, are lower than in other high per capita income communities. In addition, with condos comprising 60% of all residential parcels, it is important to note that the median tax bill with the residential exemption for a condo is \$3,936, well under the median tax bill for a single-family home with a residential exemption (\$11,891) which makes up just 28% of residential parcels (Source: Brookline Assessor's Office).
- As of 2010, there were 26,448 housing units in Town, of which 33% were located in buildings of more than 20 units. Approximately 8.68% of Brookline's housing units are under affordability restrictions. (Source: Census 2010 and Brookline Department of Planning and Community Development)
- 75% of the Town's residential land is zoned for single-family housing, while only 23.3% of Brookline's housing units are single family homes. (Source: Brookline Department of Planning and Community Development)
- The number of homeowner and renter households in Brookline is nearly even with approximately 49.8% of residents being homeowners. (Source: ACS 2011-2015)
- Brookline has eight distinct commercial areas – Coolidge Corner, Brookline Village, Washington Square, JFK Crossing, St. Mary's, Chestnut Hill, Putterham Circle, and Commonwealth Avenue. Each commercial district is unique and part of a residential neighborhood, providing a strong symbiotic relationship between residential and commercial uses.
- As of 2000, Brookline had over 2,500 businesses, including home-based businesses. 50% of jobs located in Brookline are in the service sector while 24% are in the trade sector and 14% are in government. (Source: Brookline Comprehensive Plan 2005-2015)
- 82% of Brookline residents work outside of Town. (Source: Census 2010)
- Brookline is well-serviced by public transportation with four bus routes and access to the MBTA Green C, D, and B lines. Currently, 24.7% of all households owned no vehicles while 48.3% of households owned only one vehicle. Nearly 52% of Brookline workers either walk or take public transportation to work or work at home. (Source: ACS 2011-2015)
- Brookline has significant protected parks and recreation resources including 506 acres of protected public and private conservation and park land. An additional 653 acres are unprotected public and private open space, including Allendale Farm, the area's last working farm. (Source: Brookline Comprehensive Plan 2005-2015)

**BROOKLINE BY THE NUMBERS**

Settled: 1638                      Total Area: 6.82 square miles  
 Incorporated: 1705              Land Area: 6.79 square miles

Bond Rating: Aaa

FY2018 Assessed Valuation: \$23,335,027,792

FY2018 Tax Rate:

    Residential \$9.46  
     Commercial \$15.72  
     Residential Exemption \$2,334

Demographics (2011-2015 American Community Survey 5-year estimates)

Population: 59,132

Median Age (years): 34.5

White: 75.5%

Male: 43.4%

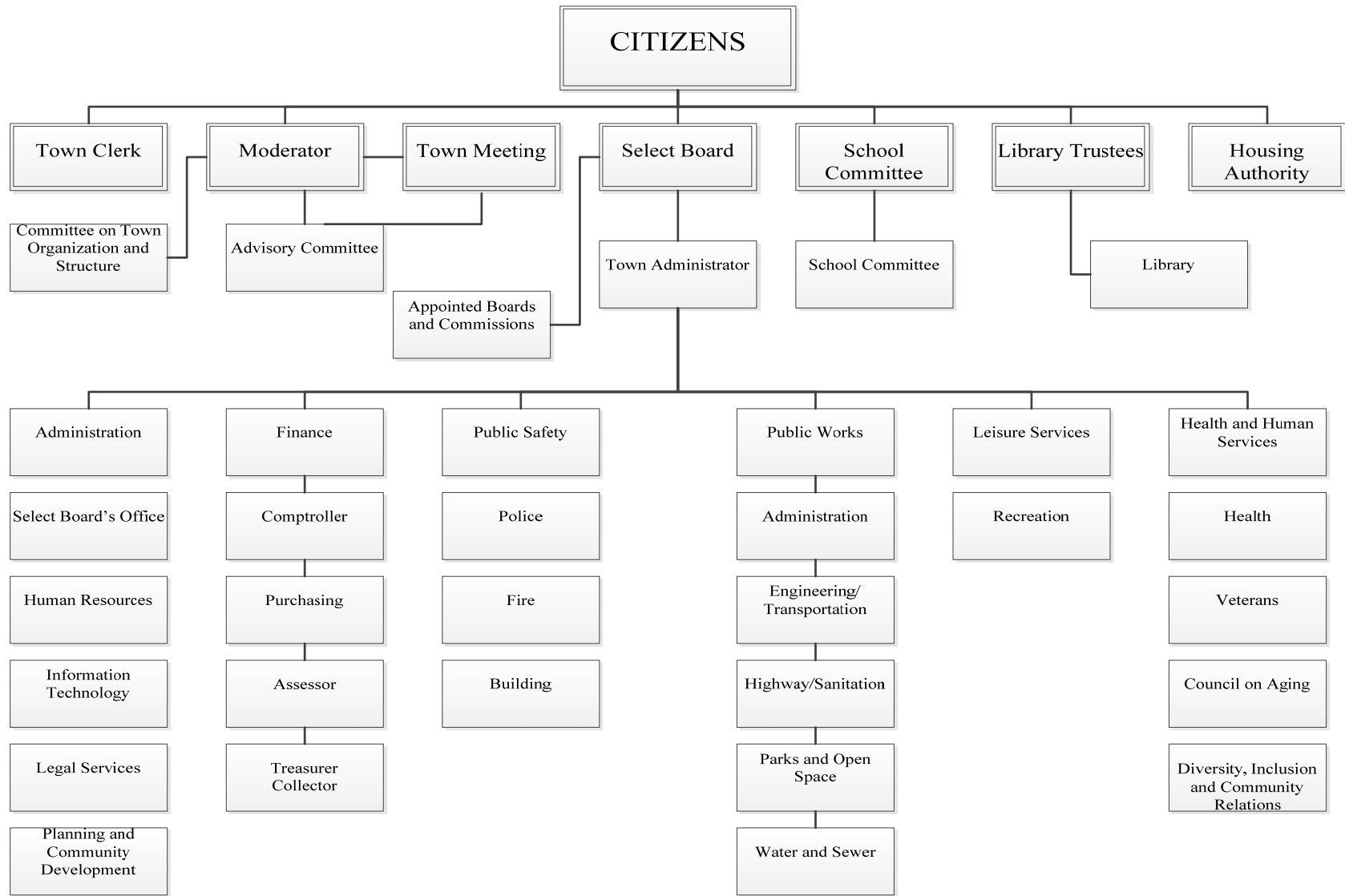
Asian: 17.5%

Female: 56.6%

Black or African American: 2.9%

Hispanic or Latino: 6.0%

TOWN OF BROOKLINE  
Organizational Chart



| <b>TOWN OF BROOKLINE<br/>FY2019 PROGRAM BUDGET</b>  | <b>BUDGET PROCESS</b>   |   |  |
|---|---|---|--|
| <p><b><u>THE BUDGET PROCESS</u></b></p> <p>The budget process begins each year in the fall when Town Administration staff work with departments on developing a preliminary Capital Improvement Program (CIP) and "maintenance budgets" for operating purposes. Department Heads also prepare expansion requests that are reviewed and prioritized for use if revenue is available. If the department has a board or commission, it reviews the requests before they are submitted to the Town Administrator. Eventually operating budget levels are set based on revenue availability as defined in the most recent Long-Range Financial Forecast.</p> <p>The Town Administrator then develops the Financial Plan, which encompasses the recommended municipal budget, with costs, goals, and objectives for every department, the proposed Capital Improvements Program (CIP), and comments on all other fiscal matters for the ensuing fiscal year. The Financial Plan also includes the School Department appropriation, estimates of state and county assessments, collective bargaining objectives, and the property tax abatement reserve (Overlay).</p> <p>In February*, the Town Administrator submits the recommended Financial Plan to the Select Board and Advisory Committee, which serves as the Town's Finance Committee and is appointed by the Town Moderator, for review and consideration. The Town Administrator, budget staff, and Department Heads regularly appear at meetings of these bodies to explain and defend the proposals contained in the Plan.</p> <p>The budget is presented to Town Meeting upon the motion of the Advisory Committee and is contained in the Advisory Committee's report in the Combined Reports to Town Meeting. Also included in the Combined Reports are the Select Board's separate comments and recommendations.</p> <p>Town Meeting must approve most budget items by a majority vote, with the exception of bond authorizations and deposits into or withdrawals from the Stabilization Fund, all of which require a two-thirds vote. Individual items within the proposed budget may be increased, decreased, or stricken so long as expenditures do not exceed available revenues. Only Town Meeting can amend the budget after adoption. If necessary, this is done at a subsequent Town Meeting.</p> <p>The Town of Brookline prepares its basic financial statements on the basis of "generally accepted accounting principles" (GAAP). Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting.</p> <p>*Per Town by-laws, the Town Administrator shall submit the Financial Plan by February 15th or the next town business day if said date falls on a weekend or holiday; or seven days after the Governor submits the annual budget to the General Court, whichever is later.</p> | <b>CAPITAL IMPROVEMENT PROGRAM</b>  | <b>DATES</b>                                | <b>OPERATING BUDGET</b>  |
|   | Fiscal Year Begins  | July 1                                      | Fiscal Year Begins   |
|   | Request Forms distributed   | July  |  |
|   | Board/Commission Public Hearings  | Aug / Sept                                  |  |
|   | Request Forms due   | September                                   | Budget Forms distributed   |
|   | Interdepartmental CIP Committee reviews requests  | Sept / Oct                                  | Boards/Commissions discuss/review needs with staff<br><br>Department Heads prepare budget requests                                     |
|   | Interdepartmental CIP Committee reviews preliminary recommendations   | October                                     | Budget Requests due  |
|   | Interdepartmental CIP Committee submits final recommendations to Town Administrator<br><br>Town Administrator submits Preliminary CIP to Select Board<br><br>Preliminary CIP posted online in advance of the public hearing in December | Nov / Dec                                   | Long-Range Financial Forecast is presented   |
|   | Advisory Committee's Capital Subcommittee review the Preliminary CIP  | Dec / Jan                                   | Town Administrator and staff meet with Department Heads to ascertain the need for cutbacks and/or expansion based on projected revenue |
|   | Town Administrator submits Financial Plan to Select Board and Advisory Committee  | February 15*<br>(or next Town business day) | Town Administrator submits Financial Plan to Select Board and Advisory Committee   |
|   | Select Board review and vote CIP  | Feb-Apr                                     | Select Board review and vote Budget  |
|   | Advisory Committee reviews and makes recommendations to Town Meeting  |   | Advisory Committee reviews and makes recommendations to Town Meeting   |
|   | Town Meeting votes CIP  | May / June                                  | Town Meeting votes Budget  |
| Fiscal Year ends  | June 30   | Fiscal Year ends                            |  |
|   |   |   |  |

**THE BUDGET PROCESS (con't.)**

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting in the following ways:

- Real and personal property taxes are recorded as revenue when levied (budgetary), as opposed to when susceptible to accrual (GAAP).
- Encumbrances are recorded as the equivalent of expenditures (budgetary), as opposed to a reservation of fund balance (GAAP).
- The Retirement Board has been included as a component in the reporting entity, because of the significance of its operational and/or financial relationship (GAAP).

A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2017 is presented below:

**Adjustments Between Budgetary Basis and GAAP Basis of Accounting in FY17**

|   |                         |
|---|-------------------------|
| Excess of revenues and other financing sources (uses) over expenditures – budgetary basis | \$ 3,595,031            |
| <br><u>Perspective Difference:</u>  |                         |
| Activity of the stabilization fund recorded in the General Fund for GAAP                  | 52,250                  |
| <br><u>Basis of accounting differences:</u>   |                         |
| Recognition of expenditures on modified accrual basis                                     | 147,286                 |
| Net change in recording 60-day receipts accrual   | (10,813)                |
| Tax refunds payable   | 1,057,000               |
| Recognition of revenue for on-behalf payments   | 24,502,000              |
| Recognition of expenditures for on-behalf payments  | (24,502,000)            |
| <br>Excess of revenues and other financing sources over expenditures – GAAP basis         | <br><u>\$ 4,847,418</u> |

**TOWN OF BROOKLINE FISCAL POLICIES**

As approved by the Select Board on June 28, 2011

**RESERVE POLICIES**

The Town shall maintain the following general, special, and strategic reserve funds:

• **Budget Reserve** – to respond to extraordinary and unforeseen financial obligations, an annual budget reserve shall be established under the provisions of MGL Chapter 40, Section 6. The funding level shall be an amount equivalent to 1% of the prior year’s net revenue, maintained in the manner set out below. Any unexpended balance at the end of the fiscal year must go toward the calculation of free cash; no fund balance is maintained.

o **Funding from Property Tax Levy** – an amount equivalent to .75% of the prior year’s net revenue shall be allocated from the Property Tax levy to the Appropriated Budget Reserve.

o **Funding from Free Cash** – an amount equivalent to 0.25% of the prior year’s net revenue shall be allocated from Free Cash, per the Town’s Free Cash Policies, to the Appropriated Budget Reserve.

• **Unreserved Fund Balance / Stabilization Fund** – the Town shall maintain an Unreserved Fund Balance plus Stabilization Fund in an amount equivalent to no less than 10% of revenue, as defined in the Town’s Audited Financial Statements, with a goal of 12.5%. If the balance falls below 10% at the end of the fiscal year, then Free Cash shall be used to bring the amount up to 10%, as described in the Free Cash Policy, as part of the ensuing fiscal year’s budget. The Stabilization Fund shall be maintained, under the provisions of MGL Chapter 40, Section 5B.

1. The Stabilization Fund may only be used under the following circumstances:

- a. to fund capital projects, on a pay-as-you-go basis, when available Free Cash drops below \$2 million in any year; and/or
- b. to support the operating budget when Net Revenue, as defined in the CIP policies, increases less than 3% from the prior fiscal year.

2. The level of use of the Stabilization Fund shall be limited to the following:

- a. when funding capital projects, on a pay-as-you-go basis under #1a. above, no more than \$1 million may be drawn down from the fund in any fiscal year. The maximum draw down over any three year period shall not exceed \$2.5 million.
- b. when supporting the operating budget under #1b. above, the amount drawn down from the fund shall be equal to the amount necessary to bring the year-over-year increase in the Town’s prior year net revenue to 3%, or \$1 million, whichever is less. The maximum draw down over any three year period shall not exceed \$2.5 million.

3. In order to replenish the Stabilization Fund if used in the year immediately following any draw down, an amount at least equivalent to the draw down shall be deposited into the fund. Said funding shall come from Free Cash.

**Liability / Catastrophe Fund** – established by Chapter 66 of the Acts of 1998, and amended by Chapter 137 of the Acts of 2001, this fund shall be maintained in order to protect the community against major facility disaster and/or a substantial negative financial impact of litigation. The uses of, and the procedures for accessing, the fund are prescribed in the above referenced special act. The target fund balance is 1% of the prior year’s net revenue and funding shall come from available Free Cash and other one-time revenues.

**RESERVE POLICIES (con't.)**

**Overlay Reserve** – established per the requirements of MGL Chapter 59, Section 25, the Overlay is used as a reserve, under the direction of the Board of Assessors, to fund property tax exemptions and abatements resulting from adjustments in valuation. The Select Board shall, at the conclusion of each fiscal year, require the Board of Assessors to submit an update of the Overlay reserve for each fiscal year, including, but not limited to, the current balances, amounts of potential abatements, and any transfers between accounts. If the balance of any fiscal year overlay exceeds the amount of potential abatements, the Select Board may request the Board of Assessors to declare those balances a surplus, for use in the Town's Capital Improvement Plan (CIP) or for any other one-time expense.

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**FREE CASH POLICIES**

Free Cash shall not be used for Operating Budget purposes. It shall be utilized in the following manner and order:

**Appropriated Budget Reserve** – an amount equivalent to 0.25% of the prior year's net revenue shall be appropriated as part of the Town's 1% Appropriated Budget Reserve Fund, as allowed for under MGL Chapter 40, Section 6and as described in the Town's Reserve Policies.

**Unreserved Fund Balance / Stabilization Fund** – Free Cash shall be used to maintain an Unreserved Fund Balance plus Stabilization Fund in an amount equivalent to no less than 10% of revenue, as defined in the Town's Audited Financial Statements, with a goal of 12.5%, as described in the Town's Reserve Policies. If the Stabilization Fund were drawn down in the immediate prior fiscal year, then an allocation shall be made to the Fund in an amount at least equivalent to the draw down of the immediate prior fiscal year.

**Liability / Catastrophe Fund** – to the extent necessary, Free Cash shall be used to reach the funding target of the Town's Liability / Catastrophe Fund, as outlined in the Town's Reserve Policies.

**Capital Improvement Program (CIP)** – remaining Free Cash shall be dedicated to the CIP so that total CIP funding as a percent of the prior year's net revenue is not less than 7.5%, to the extent made possible by available levels of Free Cash.

**Affordable Housing Trust Fund (AHTF)** – in order to support the Town's efforts toward creating and maintaining affordable housing, 15% of remaining Free Cash shall be appropriated into the AHTF if the unreserved fund balance in the AHTF, as calculated in the Town's financial system, is less than \$5 million.

**Special Use** – remaining Free Cash may be used to augment the trust funds related to fringe benefits, unfunded liabilities related to employee benefits, including pensions and Other Post-Employment Benefits (OPEB's), and other one-time uses, including additional funding for the CIP and AHTF.



**CAPITAL IMPROVEMENT PROGRAM (CIP) POLICIES**

**Definition of a CIP Project**

A capital improvement project is any project that improves or adds to the Town's infrastructure, has a substantial useful life, and costs \$25,000 or more, regardless of the funding source. Examples of capital projects include the following:

- . Construction of new buildings
- . Major renovation of or additions to existing buildings
- . Land acquisition or major land improvements
- . Street reconstruction and resurfacing
- . Sanitary sewer and storm drain construction and rehabilitation
- . Water system construction and rehabilitation
- . Major equipment acquisition and refurbishment
- . Planning, feasibility studies, and design for potential capital projects

**Evaluation of CIP Projects**

The Capital Improvement Program shall include those projects that will preserve and provide, in the most efficient manner, the infrastructure necessary to achieve the highest level of public services and quality of life possible within the available financial resources.

Only those projects that have gone through the CIP review process shall be included in the CIP. The CIP shall be developed in concert with the operating budget and shall be in conformance with the Board's CIP financing policy. No project, regardless of the funding source, shall be included in the CIP unless it meets an identified capital need of the Town and is in conformance with this policy.

Capital improvement projects shall be thoroughly evaluated and prioritized using the criteria set forth below. Priority will be given to projects that preserve the essential infrastructure. Expansion of the capital plan (buildings, facilities, and equipment) must be necessary to meet a critical service. Consideration shall be given to the distributional effects of a project and the qualitative impact on services, as well as the level of disruption and inconvenience.

The evaluation criteria shall include the following:

- Eliminates a proven or obvious hazard to public health and safety
- Required by legislation or action of other governmental jurisdictions
- Supports adopted plans, goals, objectives, and policies
- Reduces or stabilizes operating costs
- Prolongs the functional life of a capital asset of the Town by five years or more
- Replaces a clearly obsolete facility or maintains and makes better use of an existing facility
- Prevents a substantial reduction in an existing standard of service
- Directly benefits the Town's economic base by increasing property values
- Provides new programs having social, cultural, historic, environmental, economic, or aesthetic value
- Utilizes outside financing sources such as grants



**CAPITAL IMPROVEMENT PROGRAM (CIP) POLICIES (con't.)**

**CIP Financing Policies**

An important commitment is providing the funds necessary to fully address the Town's capital improvement needs in a fiscally prudent manner. It is recognized that a balance must be maintained between operating and capital budgets so as to meet the needs of both to the maximum extent possible.

For the purposes of these policies, the following definitions apply:

- Net Operating Revenue - Gross revenues, less net debt exclusion funds, enterprise (self-supporting) operations funds, free cash, grants, transfers from other non-recurring non-general funds, and non-appropriated costs.
- Net Direct Debt (and Debt Service) - Gross costs from local debt, less Prop 2 1/2 debt exclusion amounts and amounts from enterprise operations.
- Net Tax-Financed CIP - Gross amount of appropriations for capital improvements from current revenues, less amounts for enterprise operations, grants, free cash, transfers, and non-recurring special revenue funds.

The Capital Improvements Program shall be prepared and financed in accordance with the following policies:

**OUTSIDE FUNDING**

State and/or federal grant funding shall be pursued and used to finance the capital budget wherever possible.

**ENTERPRISE OPERATIONS - SELF SUPPORTING**

Capital projects for enterprise operations shall be financed from enterprise revenues solely.

**CIP BUDGET ALLOCATIONS - 6% OF NET REVENUES**

Total net direct debt service and net tax-financed CIP shall be maintained at a level equivalent to 6% of prior year net operating revenues.

- TAX FINANCED ALLOCATION - 1.5% OF NET REVENUES  
Net tax-financed capital expenditures shall be maintained at a target level equivalent to 1.5% of prior year net operating revenues.
- DEBT-FINANCED ALLOCATION - 4.5% OF NET REVENUES  
Net direct debt service shall be maintained at a target level equivalent to 4.5% of prior year net operating revenues.

**CAPITAL IMPROVEMENT PROGRAM (CIP) POLICIES (con't.)**

**DEBT MANAGEMENT POLICIES**

Debt financing of capital projects shall be utilized in accordance with the following policies:

- Debt financing for projects supported by General Fund revenue shall be reserved for capital projects and expenditures which either cost in excess of 250,000 or have an anticipated life span of five years or more, or are expected to prolong the useful life of a capital asset by five years or more. For projects supported by Enterprise Fund revenue, debt financing shall be reserved for capital projects and expenditures that cost in excess of \$100,000.
- Bond maturities shall not exceed the anticipated useful life of the capital project being financed. Except for major buildings and water and sewer projects, bond maturities shall be limited to no more than ten years.
- Bond maturities shall be maintained so that at least 60% of the outstanding net direct debt (principal) shall mature within 10 years.
- Total outstanding general obligation debt shall not exceed 2.5% of the total assessed value of the property.
- Total outstanding general obligation debt per capita shall not exceed \$2,385, which reflects \$2,000 inflated annually since July 1, 2004. This amount shall continue to be adjusted annually by the consumer price index (CPI) for all urban consumers (northeast region all items).
- Total outstanding general obligation debt per capita shall not exceed 6% of per capita income, as defined by the Census Bureau of the U.S. Department of Commerce.

**FREE CASH**

After using free cash in accordance with the Town's free cash policy, available free cash shall be used to supplement the CIP so that total CIP funding as a percent of the prior year's net revenue is not less than 7.5%, to the extent made possible by levels of available free cash.

GLOSSARY OF TERMS

**Accrual Basis** - The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

**Annual Required Contribution (ARC)** - An amount equal to the sum of 1.) the employer's cost of normal cost of retirement benefits earned in the current year and 2.) the amount needed to amortize any existing unfunded accrued liability over a period or not more than 30 years.

**Appropriation** - An authorization granted by Town Meeting to expend money and incur obligations for specific public purposes.

**Assessed Valuation** - A value assigned to real estate or other property by a government as the basis for levying taxes. In Massachusetts, assessed valuation is based on the property's full and fair cash value as set by the Assessors.

**Balanced Budget** - A budget in which estimated expenditures equal actual and estimated revenues.

**Bond** - A means to raise money through the issuance of debt.

**Bond Anticipation Note (BAN)** - Short-term debt instrument used to generate cash for initial project costs and with the expectation that the debt will be replaced later by permanent bonding. BANs are typically issued for a term of less than one year.

**Budgetary Fund Balance** - See "Free Cash"

**Capital Improvement Program (CIP)** - An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. The Town's CIP is a six-year plan, with projects in the first year of the plan being voted by Town Meeting.

**Cash Basis** - A basis of accounting under which transactions are recognized only when cash is increased or decreased.

**Chapter 70** - The school funding formula created under the Education Reform Act of 1993 by which state aid is distributed through the Cherry Sheet.

**Chapter 90** - The formula by which state highway funds are distributed to communities. The formula is comprised of three variables: local road mileage, local employment level, and population estimates.

**Chapter 121A** - A designation given to certain development projects within Massachusetts that serve a public purpose or generate economic advancement in areas that are blighted and minimally marketable for private investment. This designation forms a special partnership between the State, the Town and the developer that results in a streamlined regulatory process and a negotiated alternative tax payment in lieu of real and personal property taxes.

**Cherry Sheet** - Named for the cherry-colored paper on which they were originally printed, the Cherry Sheet is the official notification to municipalities of the next fiscal year's state aid and assessments (to cover the cost of certain state and county programs).

**Cherry Sheet Offset Items** - Local aid that may be spent without appropriation in the budget, but which must be spent for specific programs (e.g., School Lunch Program, Library Aid).

**Conditions of Appropriation** - Conditions set forth in the budget vote which define how a particular appropriation is to be spent, whether and how transfers of funds from one category to another can be made, or any other conditions which Town Meeting may make on the appropriation.

**GLOSSARY OF TERMS (con't.)**

**Debt Burden** - The amount of debt carried by an issuer.

**Debt Exclusion** - An action taken by a community through a referendum to vote to raise the funds necessary to pay debt service costs for a particular project from the property tax levy, but outside the limits under Proposition 2½.

**Debt Limit** - The maximum amount of debt that a municipality may authorize for qualified purposes under state law.

**Deficit** - The excess of expenditures over revenues.

**Enterprise Fund** - Authorized by MGL Ch. 44, section 53F½, this fund is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services.

**Equalized Valuation (EQV)** - The full and fair cash value of property within a municipality.

**Excess Levy Capacity** - The difference between the levy limit and the amount of real and personal property taxes actually levied in a given year.

**Expendable Trust Fund** - An expendable trust is created to account for money and other property that is receivable to be held in trust and is to be used in accordance with the terms of a trust agreement. All assets of an expendable trust fund may be used, and thus expended, to carry out the objectives of the trust agreement, which generally restricts the purpose for which assets of the expendable fund may be used.

**Fiscal Year** - Since 1974, Massachusetts municipalities have operated on a cycle that begins July 1 and ends June 30.

**Fixed Costs** - Costs that are legally or contractually mandated, such as retirement, insurance, debt service, or interest on loans.

**Free Cash (Also "Budgetary Fund Balance")** - Remaining, unrestricted funds from operations of the previous fiscal year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as Free Cash. The calculation of Free Cash is based on the balance sheet as of June 30, which is submitted by the community's comptroller. Free Cash is not available for appropriation until certified by the Commonwealth Director of Accounts.

**Fund** - An accounting entity with a self-balancing set of accounts that is segregated for the purpose of carrying on identified activities.

**Fund Accounting** - Organizing the financial records of a municipality into multiple, segregated locations for money.

**Fund Balance** - The difference between assets and liabilities reported in a governmental fund.

**Generally Accepted Accounting Principles (GAAP)** - Uniform minimum standards and guidelines for financial accounting and reporting that serve to achieve some level of standardization.

**General Fund** - The fund used to account for most financial resources and activities governed by the normal Town Meeting appropriation process.

**Levy** - The amount a community raises through the property tax.

**GLOSSARY OF TERMS (con't.)**

**Levy Ceiling** - One of two types of levy restrictions imposed by Proposition 2½. It states that, in any year, the real and personal property taxes imposed may not exceed 2½ percent of the total full and fair cash value of all taxable property.

**Levy Limit** - One of two types of levy restrictions imposed by Proposition 2½. It states that the real and personal property taxes imposed by a city or town may only grow each year by 2½ percent of the prior year's levy limit, plus new growth and any overrides or exclusions.

**Local Aid** - Revenue allocated by the state to municipalities. Estimates of local aid are transmitted annually by the "Cherry Sheets."

**Local Receipts** - Locally generated revenues, other than real and personal property taxes. Examples include fees, fines, and investment income.

**Maintenance Budget** - A "no-growth" budget that continues appropriations for programs and services at their current year levels. The actual appropriation to maintain programs and services may still increase due to inflation or other factors.

**Modified Accrual Basis:** - The accrual basis of accounting adapted to the governmental fund type, wherein only current assets and current liabilities are generally reported on fund balance sheets and the fund operating statements present financial flow information (revenues and expenditures). Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred except for a few specific exceptions. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

**New Growth** - The additional tax revenue generated by new construction, renovations, and other increase in the property tax base during a calendar year.

**Non-Expendable Trust Fund** - A non-expendable trust fund is created to account for money and/or property received, the principal amount of which is to be retained intact, the income of which is restricted by a trust agreement.

**Normal Cost** - the value of benefits that employees are expected to earn during the current year.

**Operating Budget** - A plan of proposed expenditures for personnel, supplies, services, and other expenses for the fiscal year.

**Other Post Employment Benefits (OPEBs)** - Retirement benefits other than conventional pension benefits, including medical, dental, life insurance and long-term care benefits.

**Overlay** - An account established annually to fund anticipated property tax abatements, exemptions, and uncollected taxes in that year.

**Overlay Surplus** - Any balance in the overlay account of a given year in excess of the amount remaining to be collected or abated can be transferred into this account. Overlay surplus may be appropriated for any lawful purpose.

**Override** - A vote by a community at an election to permanently increase the levy limit.

**Payments in Lieu of Taxes (PILOT)** - An agreement between a municipality and an entity not subject to taxation, such as charitable or education organizations, in which the payer agrees to make a voluntary payment to the municipality.

**GLOSSARY OF TERMS (con't.)**

**Proposition 2½** - A tax limitation measure adopted by state-wide referendum in 1980 (MGL Ch. 59, section 21C) which limits the ability of the Town to increase its budget from year to year. The principle provision outlines the Levy Ceiling and Levy Limit of a community. To override these tax limitations requires a Town-wide referendum.

**Reserve Fund** - An amount set aside annually within the budget of a town (by law, not to exceed 5% of the tax levy for the preceding year) to provide a funding source for extraordinary or unforeseen expenditures.

**Residential Exemption** - An option that allows a community to grant an exemption to owner-occupied residential properties of up to 20% of the properties assessed value.

**Revenue Anticipation Note** - A short-term loan issued to be paid off by revenues, such as tax collections and state aid. RANs are full faith and credit obligations.

**Revolving Fund** - Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service.

**School Building Assistance Program (MSBA)** - Established in 1948 and frequently revised by statutory amendments, this state program reimburses municipalities varying percentages of their school construction costs depending on the wealth of the community and the category of reimbursement.

**Special Revenue Fund** - A fund, established by statute only, that contains revenues that are earmarked for and restricted to expenditures for specific purposes. Special revenue funds include revolving funds, grants, and gifts.

**Stabilization Fund** - A fund designed to accumulate amounts for future spending purposes, although it may be appropriated for any lawful purpose. A two-thirds vote of Town Meeting is required to appropriate money from the stabilization fund.

**State Aid Anticipatory Note (SAAN)** - A short-term loan issued in anticipation of a state grant or aid.

**Tax Anticipation Note** - A short-term note issued to provide cash to cover operating expenses in anticipation of tax proceeds.

**Tax Rate Recapitulation Sheet ("Recap")** - A document submitted by a municipality to the state Department of Revenue in order to set a property tax rate. The recap sheet shows all estimated revenues and actual appropriations that affect the property tax rate.

**Underride** - A vote by a community to permanently decrease the tax levy limit. As such, it is the exact opposite of an override.

**Undesignated Fund Balance** - Monies in the various government funds as of June 30 which are neither encumbered nor reserved, and are therefore available for expenditure once certified as part of Free Cash.

**Unfunded Actuarial Accrued Liability (UAAL)** - the portion of the unfunded benefits earned in prior years.

**Unfunded Pension Liability** - The difference between the value assigned to the retirement benefits already earned by a municipality's employees and the assets the local retirement system will have on hand to meet these obligations. The dollar value of the unfunded pension liability is re-determined every three years and is driven by assumptions about interest rates at which a retirement system's assets will grow and the rate of future cost of living increases to pensioners.

**TOWN OF BROOKLINE  
FY2019 PROGRAM BUDGET**

**SELECTED ACRONYM TABLE**

**Selected Acronym Table**

|        |  |       |  |
|--------|--|-------|--|
| ADA    | Americans with Disabilities Act                | HRA   | Health Reimbursement Account                         |
| ARC    | Annual Required Contribution                   | HRIS  | Human Resource Information System                    |
| ARRA   | American Recovery and Reinvestment Act         | HUD   | Federal Department of Housing and Urban Development  |
| CAC    | Climate Action Committee                       | IMGC  | Information Management Governance Committee          |
| CDBG   | Community Development Block Grant              | IOD   | Injured on Duty                                      |
| CDL    | Commercial Driver's License                    | ITAC  | Information Technology Advisory Committee            |
| CERT   | Civilian Emergency Response Team               | IT    | Information Technology                               |
| CIMS   | Critical Infrastructure Monitoring System      | ITD   | Information Technology Department                    |
| CIP    | Capital Improvements Program                   | KwH   | Kilowatt Hour  |
| CMMS   | Cartegraph Maintenance Management System       | LED   | Light Emitting Diode                                 |
| COA    | Council on Aging                               | LEED  | Leadership in Energy and Environmental Design        |
| COLA   | Cost-of-Living-Allowances                      | MBTA  | Massachusetts Bay Transportation Authority           |
| COOP   | Continuity of Operations Plan                  | MCAS  | Massachusetts Comprehensive Assessment System        |
| CORI   | Criminal Offender Record Information           | MGL   | Massachusetts General Laws                           |
| CPA    | Community Preservation Act                     | MLC   | Municipal Lien Certificate                           |
| BAT    | Brookline Access Television                    | MSBA  | Massachusetts School Building Authority              |
| B-CASA | Brookline Coalition Against Substance Abuse    | MWPAT | Massachusetts Water Pollution Abatement Trust        |
| BEEP   | Brookline Early Education Program              | MWRA  | Massachusetts Water Resources Authority              |
| BPD    | Brookline Police Department                    | NCLB  | No Child Left Behind                                 |
| BPL    | Brookline Public Library                       | NEA   | National Endowment for the Arts                      |
| DAS    | Distributed Antenna System                     | OPEB  | Other Post Employment Benefits                       |
| DOR    | Massachusetts Department of Revenue            | OPM   | Owner's Project Manager                              |
| DPW    | Department of Public Works                     | OSC   | Override Study Committee                             |
| EAP    | Employee Assistance Program                    | OSHA  | Occupational Safety and Health Administration        |
| EECBG  | Energy Efficiency and Conservation Block Grant | OT    | Overtime   |
| EFT    | Electronic Funds Transfer                      | PEC   | Public Employee Committee                            |
| EIC    | Efficiency Initiative Committee                | PERAC | Public Employee Retirement Administration Commission |
| EMT    | Emergency Medical Treatment/Technician         | PILOT | Payments In-Lieu-Of-Tax                              |
| EOC    | Emergency Operations Center                    | PSB   | Public Schools of Brookline                          |
| ERI    | Early Retirement Incentive                     | RMV   | Registry of Motor Vehicles                           |
| FEMA   | Federal Emergency Management Association       | SADD  | Students Against Destructive Decisions               |
| FTE    | Full-time equivalent                           | SBA   | School Building Assistance                           |
| FPAC   | Financial Planning Advisory Committee          | SOPs  | Standard Operating Procedures                        |
| GAAP   | Generally Accepted Accounting Principles       | SWAC  | Solid Waste Advisory Committee                       |
| GASB   | Government Accounting Standards Board          | UAAL  | Unfunded Actuarial Accrued Liability                 |
| GIS    | Geographic Information System                  | VA    | U.S. Department of Veterans Affairs                  |
| GIC    | Group Insurance Commission                     | VFW   | Veterans of Foreign Wars                             |
| GPS    | Global Positioning System                      | VOIP  | Voice Over Internet Protocol                         |
| GREAT  | Gang Resistance Education and Training         | ZBA   | Zoning Board of Appeals                              |
| HMO    | Health Maintenance Organization                |       |  |



